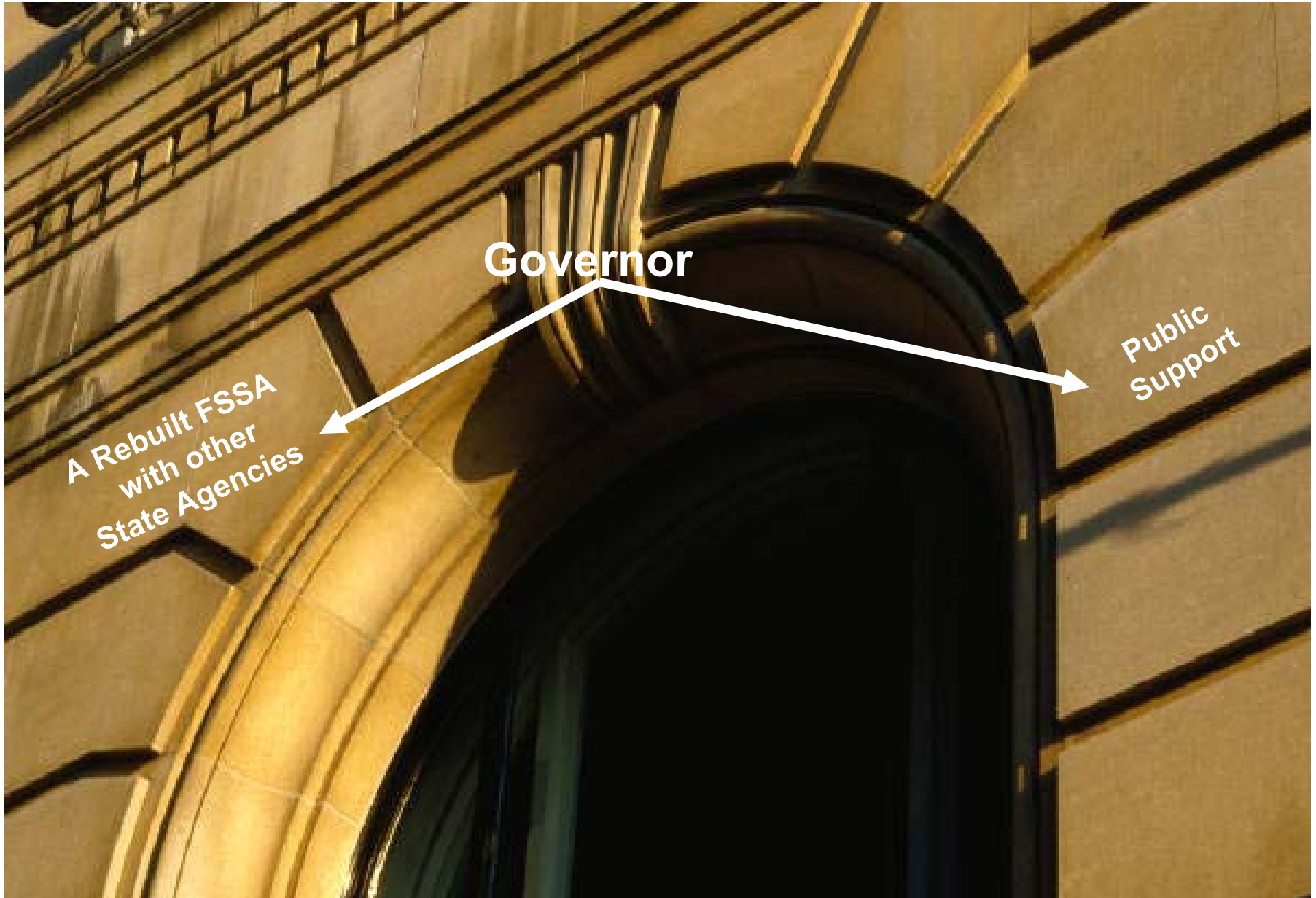




Reinventing Healthcare

Architects for the Future Of Indiana



“From now on, Indiana state government will be about results. We will ask of every department, what are our goals here? What will we measure to determine whether we are achieving them or not, and whether we are steadily getting better at it?”

- Mitchell E. Daniels, Jr.
Governor
January 10, 2005

Dilapidated FSSA - 2005



State of Indiana

- In a 4-year period since June 2000, Indiana lost 138,800 jobs (Indiana Workforce Development)
- Ranked #1 in bankruptcies (Indianapolis Star 8/1/2002)
- Average Hoosier income is 91 cents for \$1 of the average American (U.S. Bureau of Labor Statistics)
- Ranked 45th in percentage of adults with 4-year college degree (U.S. Census Bureau)
- Food Stamps and TANF participation have nearly doubled in 5 yrs (FNS, DHHS)

What were our results?

Our health rankings as compared to the nation

- Indiana's 800,000 uninsured population is growing more than twice as fast as the national average
- Indianapolis is the 2nd most expensive city in the nation for per family annual health insurance premiums
- We have the highest per capita rate of medically bankrupt families in the nation, amounting to over 77,000 Hoosiers
 - 4th most obese state (26%)
 - 6th highest state in the number of smokers - Over 26% of Hoosiers smoke
 - 5th highest in no flu shot for seniors (34%)
 - 7th highest in high cholesterol (35%)
 - 4th highest state for cancer deaths
 - 13.9% of all Hoosiers are uninsured
 - Large health disparities
 - Only 59% of pregnant black women receive adequate prenatal care, compared to 76% of pregnant white women

FSSA: The past 16 years

- What was found
 - No accounting system
 - No medical director
 - Technology across the agency is not linked
 - No coordinated systems for grants, procurement and contracts
 - No connections or synergy across the agency
 - Poor systems
 - Functions out of habits
 - Apathy
 - An acceptance of thievery and dishonesty

Daniels Administration:

The first 4 months

- Legislative Successes
 - Passed daylight savings time
 - Developed an honestly balanced budget
 - No general tax increase
 - Financing for Colts stadium and expanded Convention Center
 - Established the Indiana Economic Development Corporation, Office of the Inspector General and Dept. of Agriculture
 - Developed economic development package focusing on transportation for Northwest Indiana (NIRDA)

- Other successful initiatives
 - Commitment to expand biodiesel fuel usage in Indiana
 - Net gain of over 2,197 jobs under the federal Base Realignment and Closure Commission

Social services initiatives

- Created separate state agency to oversee child welfare issues
- \$190M additional state dollars in Medicaid spending
- Implementation of Rx for Indiana, a program that has linked Hoosiers to companies providing free or reduced prescription drugs
 - More than 50,000 Hoosiers served in the first 4 months

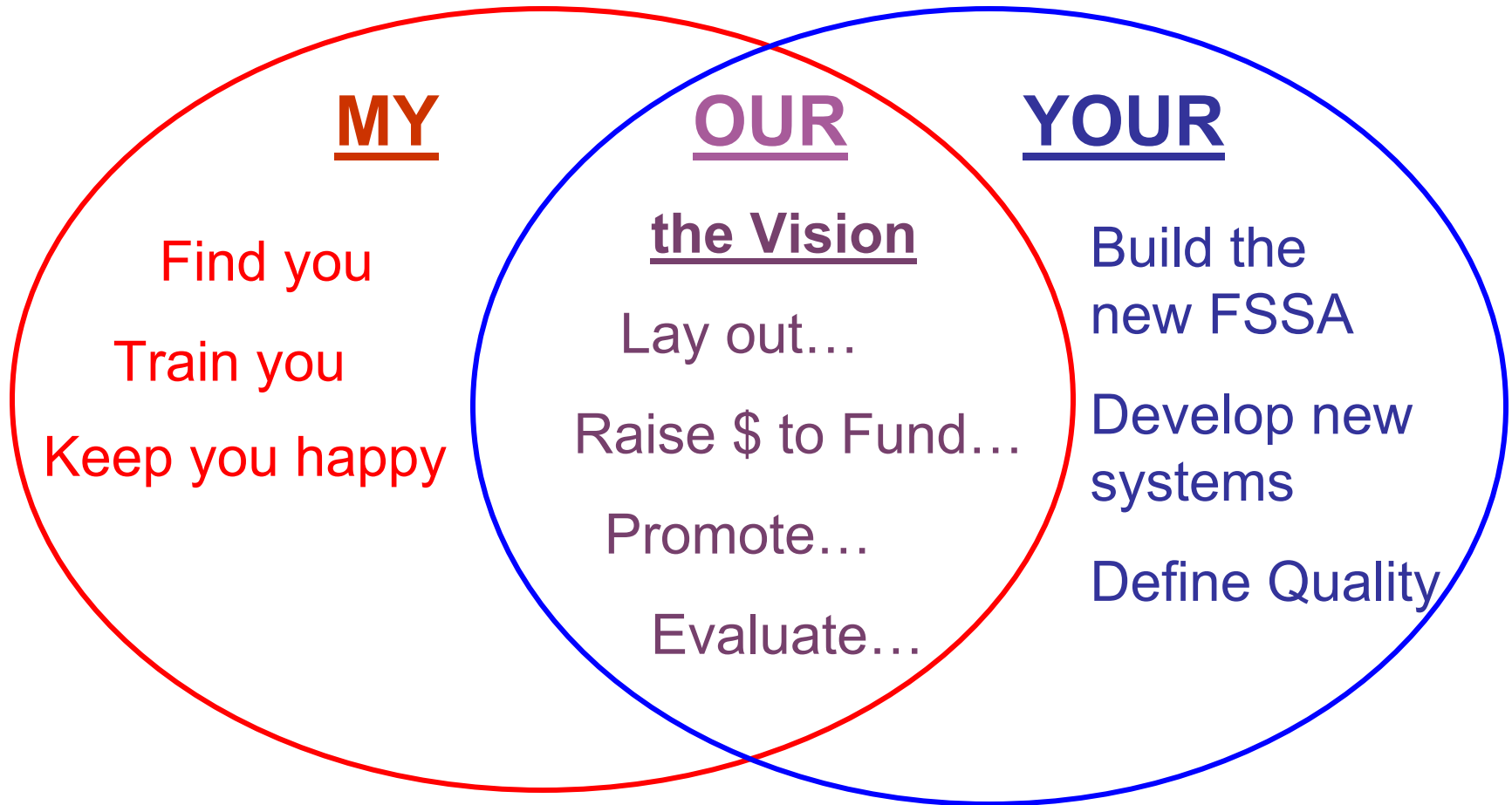
Why must we build?

- Why is our presence here so important?
 - Critical time in Indiana's history
 - Current model is not sustainable
 - Serve 1:6 Hoosiers
 - Comprise over 25% of the total state budget
 - 71% Growth in Medicaid expenditures over the last 10 years
- We are the Market. We need to act like the Market.

Our role on the Daniels Team

- FSSA is one of 100+ State agencies and commissions
 - All have agendas and goals
 - All will be held accountable
 - Must work together to promote change across all Indiana
- “If you’re not keeping score, you’re just practicing,”
Gov. Daniels

ROLES within FSSA





Vision

What will FSSA be in 2009?

FSSA 2009: a remodeled agency



Future of FSSA

FSSA '05

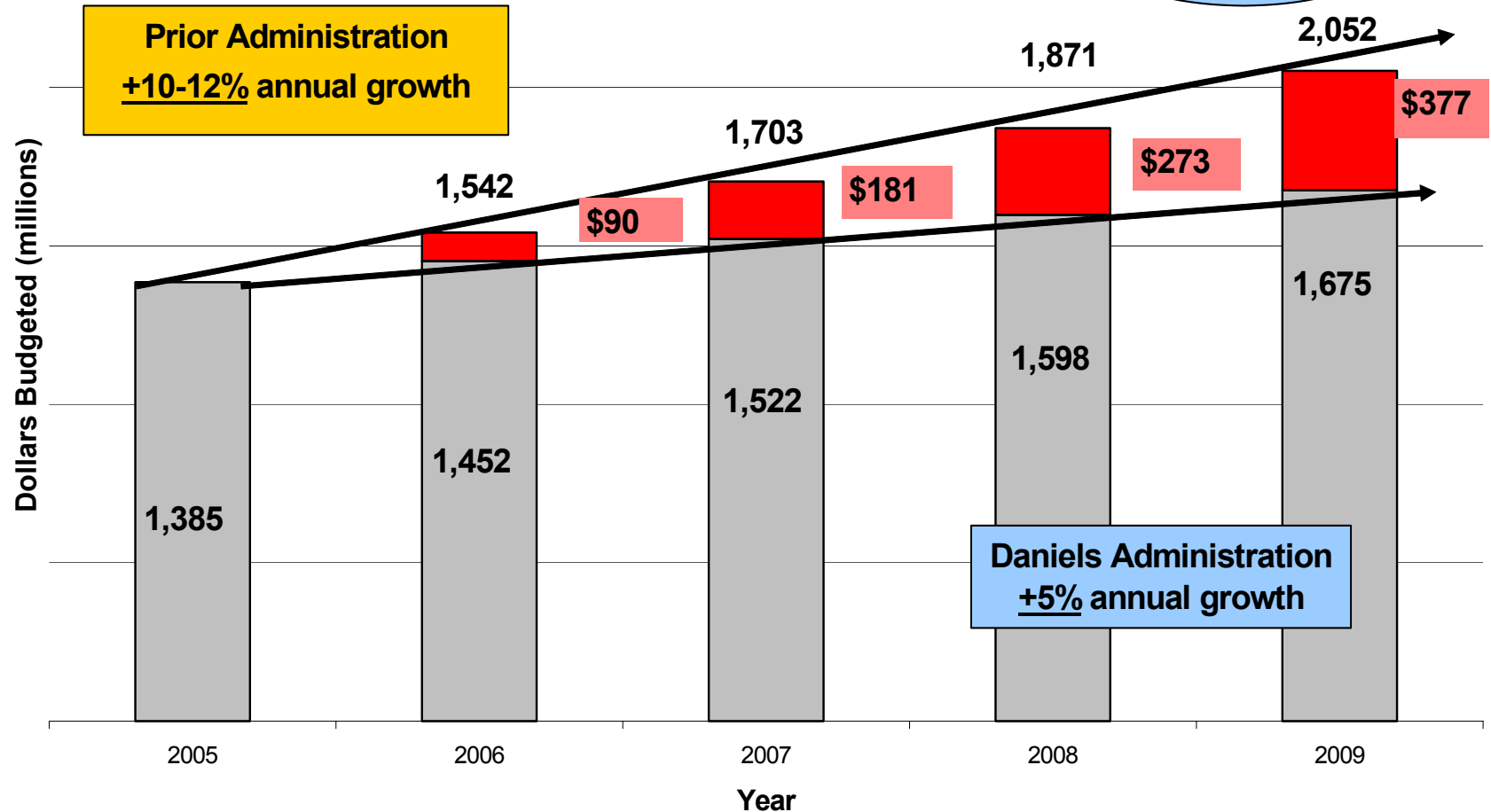
- 10,000 contractors
- Operate state hospitals
- 10% Medicaid fiscal growth
- 90% of seniors in nursing Homes
- Crazy quilt of financing
- Healthcare not delivered in schools
- Separation of care for DD population: medical, custodial

FSSA '09

- 1,000 contractors
- No state hospitals (Logansport?)
- 5% Medicaid fiscal growth
- 50% of seniors in nursing homes
- Dollars follow patients
- Deliver health care and public health in schools
- Link care for DD population through RBMC

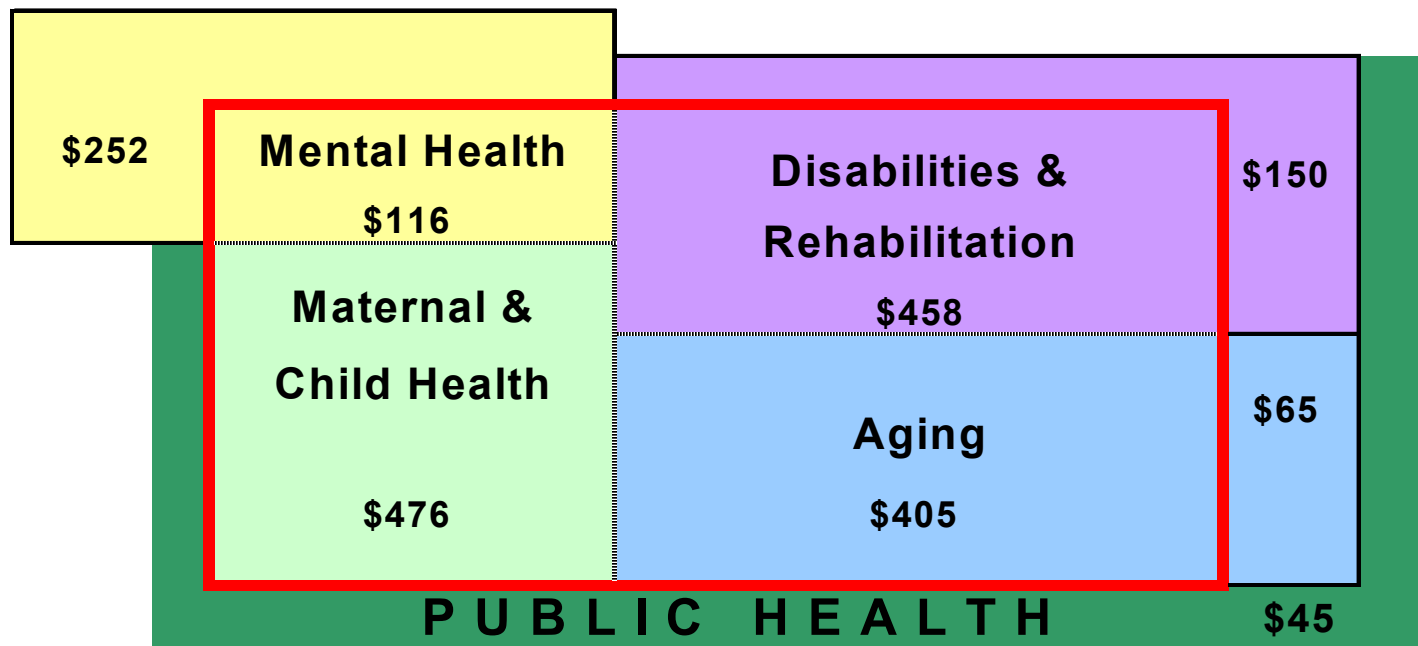
Medicaid Fiscal Growth State Funds

Daniels Administration
Savings: \$921M



FSSA: A Healthcare Financing Organization

Family Resources \$195	Child Services \$98	Admin \$15
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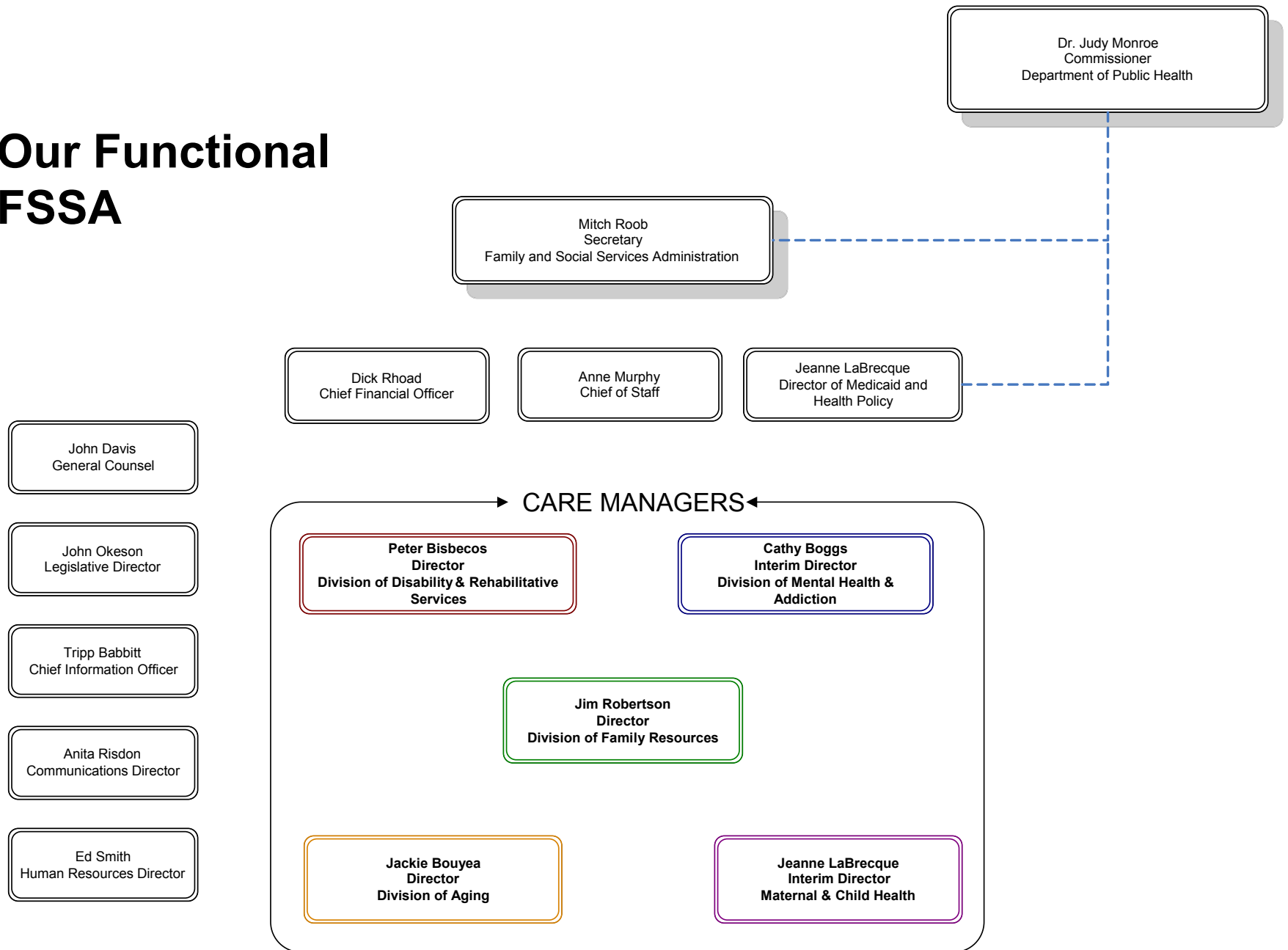
Total Medicaid '06 Budget: **\$1.45 Billion** State General Funds

Note: All numbers in Millions. Figures are proportional, except Public Health.

Core competencies

- Strategic direction
 - Drive marketplace changes to become compassionate and financially responsible.
- Contract management
 - Fundamental reorganization of how FSSA and Medicaid provide service.
- Policy development
 - Steer the direction of health care in Indiana.
 - Connect with leaders in economic, workforce, and other development areas to promote positive change
- Personnel management
 - Accountability will lead to improved service quality.
- Technological savvy
 - Use information and technology to better and more efficiently serve customers

Our Functional FSSA



Mission & Vision

Mission

To use common sense compassion to help needy Hoosiers have healthier, more productive lives through developing, managing and financing their health care and human services needs

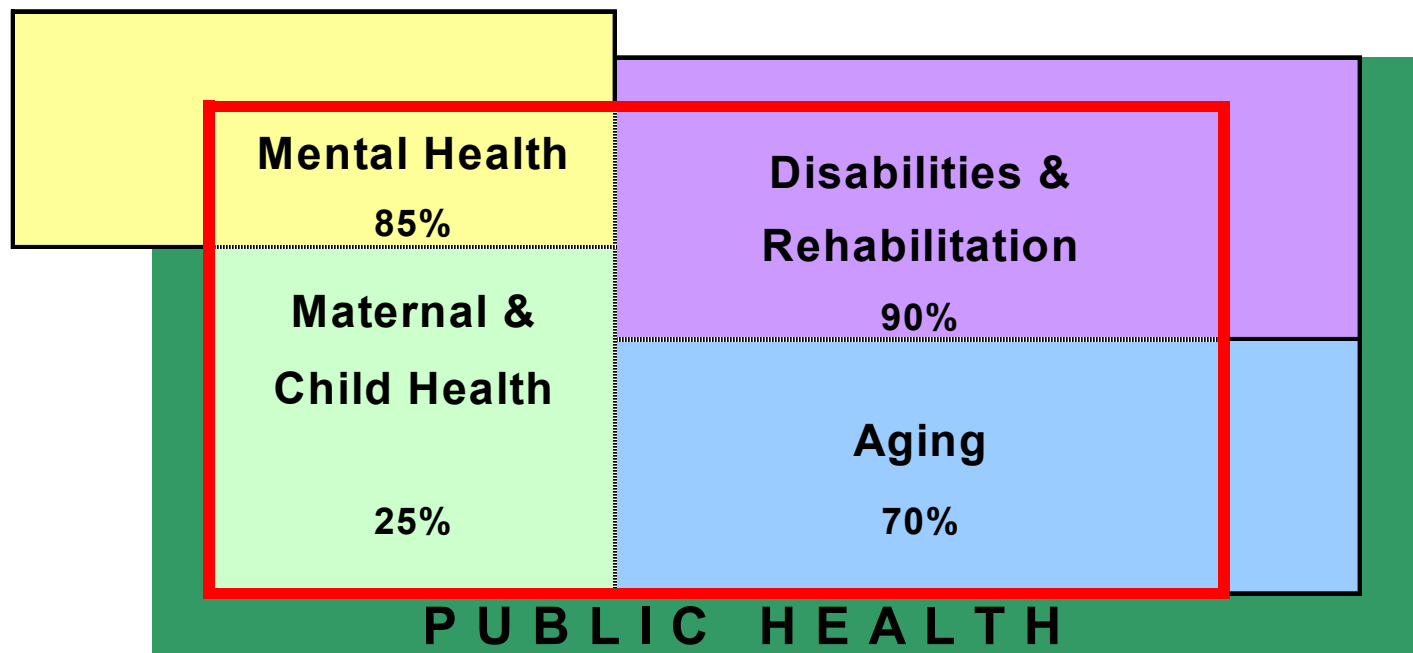
Vision

To lead the future of healthcare in Indiana by being the most effective health and human services agency in the nation

Core values

- Integrity, trust, honesty and leadership
- Dignity and respect shown to all people
- Commitment to enabling people to achieve their fullest potential
- Quality care and measurable results
- Responsible stewardship of tax dollars
- Active promotion of partnerships with providers and the community

FSSA: We are the Market



Total Medicaid '06 Budget: **\$1.45 Billion** State General Funds

Systemic change must occur within each of our divisions

- **Division of Family Resources**
 - Streamline eligibility requirements
- **Division of Aging**
 - Transform long-term care from real estate based model to services based model
 - Quality Assessment Fee
- **Division of Disabilities and Rehabilitative Services**
 - Significantly reduce waiting lists
 - Seek per patient cost reductions
- **Division of Mental Health and Addiction**
 - SAMHSA Grant
 - “Localize” state hospitals
- **Division of Maternal and Child Health**
 - Medical marketplace contracting
 - School based care
- **State Department of Health**
 - Integrate health policy with financial decision making

Near term goals

- Implement Part “D”
 - Utilize RX for Indiana platform to educate public about changes in the national prescription drug program
 - Initial enrollment period begins November 15th
- Progress toward the creation of the Indiana Eligibility Model
- Develop public/private partnerships
- Expand Hoosier Healthwise
- Case management
- Increase home-based services
- Transform mental health system
- IGT, remake DSH, HCI
- Identify and reduce medical errors

Conclusion

- Radical change in the healthcare delivery system is imminent. The problems of the uninsured are gaining urgency as we seek ways to cover the burgeoning costs of paying for healthcare
- FSSA seeks partnerships, we want to shape the future together, not alone, but either way, the future of healthcare in Indiana will soon be dramatically different
- We encourage hospitals and other health care providers be part of the transformation